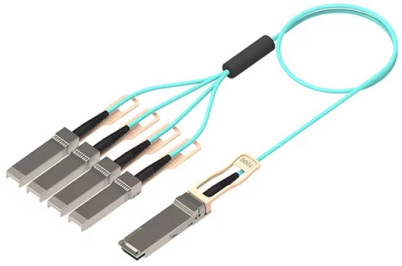
Tax incentives for building iDC Internet Data Center data centers



Overview

Tax incentives vary widely, from sales and use tax exemptions on construction materials and computer equipment to low (or no) taxes on electricity rates. Eleven states also offer some sort of property tax relief to data centers. In the US, a recent PwC report commissioned by the Data Center Coalition valued the industry at $122 billion, and projected it to grow to $358 billion by 2034 – a compound annual growth rate (CAGR) of 11. These data centers are generating hundreds of thousands of new, high-paying jobs. As demand for data infrastructure grows, states are refining their approaches: Some are expanding incentives, while. Because of their high value, large real estate presence, potential applicable tax incentives, significant energy consumption and global footprint, taxing data centers can complicate your tax planning — federal, state and local as well as international. To manage your assets strategically, tax. Real estate investment trusts are becoming a common choice for data centers backed by private equity because of the tax advantages they confer, particularly when foreign investors are part of the equation, said Vinay Prabhakar of Vinson & Elkins LLP. States and municipalities are competing aggressively — offering sales tax exemptions, property tax abatements, income tax credits, and infrastructure subsidies that can reduce the effective cost of a $500M data center project by. Data centers can cost billions of dollars to construct and equip. Investors are wise to approach the financing for these projects as similar to large merger and acquisition transactions, and accordingly, secure available tax incentives as an alternative to raising enormous amounts of money from.

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Data Center Tax Incentives 101

Data centers play a critical role in today''s digital economy, and governments around the world are recognizing their importance by offering tax incentives to encourage their development. These tax

Policy Snapshot: Data Center Incentives

Data center operators also use available incentives. In 2023, Virginia''s Joint Legislative Audit and Review Commission examined the commonwealth''s retail sales and use tax exemption for

Subsidizing Servers: How States Are Competing to Attract Data Centers

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Currently, 38 states offer dedicated tax incentives for data centers, ranging from sales and use tax exemptions for computers and electricity to property tax abatements. Amid rising costs and

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